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South Africa, Republic of

Citrus

Annual

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Report Highlights:

South Africa's CY2002 citrus production is estimated to have increased by about 8% from a year earlier. However, average fruit size will be smaller than last year because of unfavorable weather during the fruit development stages in some growing areas. More fruit is therefore expected to be sent for processing and to the domestic market, with a decrease of 8% in exports compared to CY2001. Grapefruit area and output continue to stagnate based on weak international demand. Citrus output in CY2003 is expected to decrease by 5 percent.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
Annual Report
Pretoria [SF1], SF

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Executive Summary

South Africa's CY2002 citrus production is expected to increase by about 8% from a year earlier. Fruit size will be smaller than last year because of a cloudy weather in many citrus growing areas during the growing season. More fruit is therefore expected to be sent for processing (19%) and domestic markets (42%), with fewer exports (-8%) compared to CY 2001. Export figures are estimated at 800,000 MT in 2002. Production is expected to increase by 10% for oranges, 9% for lemons, and a decrease of 8% for grapefruit from last year. A reduction in exports of 7% is expected for oranges, 8% for grapefruit, while exports of lemons will remain the same at about 40,000 MT.

In 2001, South Africa's citrus industry established three new structures namely, Citrus South Africa, the Citrus Exporters' Association, and the Joint Management Association, to provide effective management of citrus exports. The strategy of South Africa citrus industry is to expand sales to new markets such as Japan and the US. However, South African exports must still overcome phytosanitary requirements in many countries.

South Africa's citrus industry is lobbying the government to establish domestic support schemes, as well as export enhancement programs to enable them meet the increasing strict phytosanitary requirements of importers and compete on a more level playing field with other suppliers.

Area

Per our last report, beginning this year we have revised planted and harvested area significantly based on a recent citrus census. Although it's not clear why such a large discrepancy has developed between the old and new numbers, two factors seemed to have played a key role; first, the last major census was carried out in the mid-1990's, and included overly optimistic projections for expanded citrus production and exports following the restoration of democracy in South Africa. Second, we have learned recently that the area estimates we had been receiving included citrus orchards in some neighboring countries, including Swaziland and Mozambique. We will continue to update the area figures as more accurate information becomes available.

Production

Fruit size may become a serious problem this year as a result of lack of rain in the citrus producing areas of Tzaneen and Nelspruit. The current increases in temperature also may have negative impact on fruit color.

The citrus industry and the National Department of Agriculture have embarked on an awareness campaign for Citrus Black Spot (CBS) and its impact on the international export markets. The two areas of concern are climate matching and certain aspects of the infection pathway. The CBS project team, formed in 2001, was directed to further investigate aspects of the disease pathway. The findings of the team will be presented before the EU Standing Committee.

In 2000, an Accreditation Working Group developed a system to minimize the risk of packaging CBS infested fruit for the EU market. In 2001, the National Agricultural Department of Plant Health and Quality Control developed a Questionnaire - Good Agricultural Practices for Citrus Black Spot, and a guideline for filling out the questionnaire (Guide to auditing a Good Agricultural Practices for Citrus Black Spot) were established. The Industry also developed a system that ensured that high-risk CBS production units do not export to sensitive international markets.

In June 2002, history was made within the citrus industry when the Outspan Foundation Block (OFB) was transferred from Capespan (Pty) Ltd to the Citrus Growers' Association of Southern Africa. The Foundation Block, established in 1980, was first developed and handled by the former South African Cooperative Citrus exchange before it fell under the management of Outspan International and Capespan. It will now adopt a new name, the Citrus Foundation Block, and will be managed by Citrus Research International. It will continue to provide services for the multiplication and supply of consistently superior pathogen-free citrus propagation material to the southern African citrus industry.

Fresh Oranges

PSD Table						
Country	South Africa, Republic of					
Commodity	Fresh Oranges				(HECTARES)(1000 TREES)(1000 MT)	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		01/2001		01/2002		01/2003
Area Planted	37000	37000	39000	39000	0	39200
Area Harvested	28000	28000	30000	30000	0	30100
Bearing Trees	12000	12000	13000	12900	0	13000
Non-Bearing Trees	4000	4000	4000	4000	0	4000
TOTAL No. Of Trees	16000	16000	17000	16900	0	17000
Production	1150	1119	1220	1230	0	1200
Imports	1	1	1	1	0	1
TOTAL SUPPLY	1151	1120	1221	1231	0	1201
Exports	586	690	590	640	0	700
Fresh Dom. Consumption	295	146	301	210	0	180
Processing	270	284	330	381	0	321
TOTAL DISTRIBUTION	1151	1120	1221	1231	0	1201

South Africa's orange industry is primarily dominated by Valencias, followed by Delta's, Midnights and Navels. Citrus yields in mature orchards average about 40 to 60 tons per hectare.

CY 2002 orange production is expected to increase 10% from last year because of improved weather conditions. The devaluation of the Rand and improved export quality control are expected to bring better producer prices. Currently, only class 1 of the Valencia orange varieties are exported to the US. The tree census for 2002 indicates that South Africa's figures on area planted had always been elevated by including Zimbabwe, Mozambique and Swaziland orange production areas.

Exports, Oranges

Export Trade Matrix			
Country	South Africa, Republic of		
Commodity	Fresh Oranges		
Time period	Jan-Dec	Units:	Tons
Exports for:	2001		2002
U.S.	27600	U.S.	
Others		Others	
United Kingdom	200100		
Central Europe	172500		
F/East&Asia	89700		
M/East&Med.	200100		
Total for Others	662400		0
Others not Listed	0		
Grand Total	690000		0

Processed Oranges

PSD Table						
Country	South Africa, Republic of			65	Degrees Brix	
Commodity	Juice, Orange				(MT)	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		01/2001		01/2002		01/2003
Deliv. To Processors	270	284	330	381	0	321
Beginning Stocks	4541	4541	4949	4949	4609	4659
Production	20790	20790	25410	26500	0	22000
Imports	100	100	110	110	0	0
TOTAL SUPPLY	25431	25431	30469	31559	4609	26659
Exports	7682	7682	12960	14000	0	12000
Domestic Consumption	12800	12800	12900	12900	0	12000
Ending Stocks	4949	4949	4609	4659	0	2659
TOTAL DISTRIBUTION	25431	25431	30469	31559	0	26659

Fresh Grapefruit

PSD Table						
Country	South Africa, Republic of					
Commodity	Fresh Grapefruit				(HECTARES)(1000 TREES)(1000 MT)	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		01/2001		01/2002		01/2003
Area Planted	4900	4900	4800	4800	0	4400
Area Harvested	4960	4960	4600	4600	0	4200
Bearing Trees	2070	2070	1850	1900	0	1750
Non-Bearing Trees	109	109	100	102	0	100
TOTAL No. Of Trees	2179	2179	1950	2002	0	1850
Production	195	288	190	264	0	240
Imports	1	1	1	1	0	1
TOTAL SUPPLY	196	289	191	265	0	241
Exports	129	137	125	120	0	110
Fresh Dom. Consumption	10	20	10	20	0	20
Processing	57	132	56	125	0	111
TOTAL DISTRIBUTION	196	289	191	265	0	241

Grapefruit production is suffering from weak demand and oversupply in international markets. The prospect for more processing of grapefruit has increased as a result of the continued decline in exports since CY 2000. The one exception is increased planting of Star Ruby variety, which has enjoyed good demand in the international market. Currently, its market share is 6.5% compared to 7.3% for Marsh grapefruit.

The international preference for larger fruit resulted in a reduction in average age of orchards because older trees produce smaller fruit. Emphasis has also shifted from quantity to quality. Many grapefruit farmers in the Mpumalanga, Malelane and Komatipoort areas uprooted orchards and replaced them with sugar cane as a result of the new irrigation scheme project established in the area. Therefore, the 2002 grapefruit tree number was lower than expected and is likely to carry-over the next year..

Area

Area planted to grapefruit is expected to fall much lower than estimated because most farmers are replacing the orchards with sugarcane around the Mpumalanga area as a result of the establishment of a new dam and irrigation schemes.

Exports, Grapefruit

Export Trade Matrix			
Country	South Africa, Republic of		
Commodity	Fresh Grapefruit		
Time period	Jan-Dec	Units:	Tons
Exports for:	2001		2002
U.S.	1365	U.S.	
Others		Others	
United Kingdom	47775		
F/East&Asia	47775		
Central Europe	28665		
M/East & Medit	10920		
Total for Others	135135		0
Others not Listed	0		
Grand Total	136500		0

Fresh Lemons

PSD Table						
Country	South Africa, Republic of					
Commodity	Fresh Lemons					(HECTARES)(1000 TREES)(1000 MT)
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		01/2001		01/2002		01/2003
Area Planted	3500	3500	3612	3612	0	3860
Area Harvested	2400	2400	2542	2542	0	2600
Bearing Trees	1180	1180	1355	1250	0	1280
Non-Bearing Trees	230	230	633	520	0	620
TOTAL No. Of Trees	1410	1410	1988	1770	0	1900
Production	155	119	175	130	0	140
Imports	0	0	0	0	0	0
TOTAL SUPPLY	155	119	175	130	0	140
Exports	75	40	88	40	0	60
Fresh Dom. Consumption	20	10	10	10	0	10
Processing	60	69	77	80	0	70
TOTAL DISTRIBUTION	155	119	175	130	0	140

South Africa's CY2002 lemon production is estimated at a 9% increase from last year because of the expansion of area planted. A continued rise in area planted is expected in CY2003 because of likely demand in the international markets.

Exports, Lemons

Export Trade Matrix			
Country	South Africa, Republic of		
Commodity	Fresh Lemons		
Time period	Jan-Dec	Units:	Tons
Exports for:	2001		2002
U.S.	200	U.S.	
Others		Others	
United Kingdom	12720		
Central Europe	6760		
F/East& Asia	5570		
M/East& Med.	14700		
Total for Others	39750		0
Others not Listed	0		
Grand Total	39950		0

Trade

Citrus exports to the United States originate from Bredadorp, Clanwilliam, Caledon, Heidelberg, Hermanus, Ladysmith, Montagu, Paarl, Piketberg, Robertson, Somerset West, Stellenbosch, Swellendam, Strand, Wellington, and Worcester areas of the Western Cape. Malmesbury has also applied to be included in the list. Exports to the US have steadily increased from 450 MT in 1997 to 24,000 MT in 2001. US import rejections of South African citrus as a result of mealybugs infection decreased from 60% in 1997, 14% in 2000, and to less than 7% in 2001 because of development of an identification technique.

The 2002's season had a good start, with 93% of the fruit tested passed for export. However, the Industry's strategy is to continuously improve the standard of fruit destined for the US markets.

South Africa's export period for citrus is from April to October. Its main competitors are Argentina, Chile and Australia during the principal season, and Israel, Spain, Egypt and the US towards the end of the marketing season.

Capespan, South Africa's biggest fruit exporting industry, handles about 80% of the country's fruit exports. About 70% of South Africa citrus production trade is exported annually, with more than 50 million cartons sold in about 50 markets on 6 continents. South Africa's biggest export market is still Europe, followed by the Middle East, Japan, the Far East and the United States. Citrus export earnings continue to benefit from the Rand's devaluation, which fell over 50 percent against major currencies in 2001.

The deregulation of 1997 opened up new markets for SA produce. Japan, with a better profit margin than Europe, has become an important market for South Africa's citrus industry. Last year, three of SA's largest independent fruit exporters landed a contract to export about R100 million of citrus fruit to Japan. The export deal came as welcome news to fruit farmers after many seasons of poor returns.

The European Union introduced a zero tolerance ban on citrus blackspot (CBS). This will stop all exports from individual farmers whose farms are in CBS areas. Currently, the Western Cape, because of its winter rainfall climate, is the only area declared blackspot free within South Africa. Europe has been South Africa's largest citrus export market since 1930. Over this period, black spot has never been an issue between the EU and South Africa.

Policy

During the 2001 season, the National Department of Agriculture, through the Citrus Growers' Association, instituted a product tracking system for citrus. The system provides that growers exporting under the Special Export Markets (USA, Japan, Korea and EU) must register with the department and obtain a production unit code (PUC) per orchard or farm (s). The purpose of the registration is to be able to identify and withdraw all fruit produced on a particular production unit when the registration of a sample of that crop is declined.

International Standards

South Africa's Codex Alimentary draft document, which will set a baseline criteria for production, is expected for release in 2003. The documented Maximum Residue Limit (MRL) information include: the local South Africa registered MRL and withholding period; an export default MRL and export withholding period; and the EU, USA and Codex MRL's, per fruit type. Export MRL's expected from the National Department of Health and Quality will include new Grading Standard Regulations based on the strictest MRL required in the EU Member States, Canada and the USA.

South Africa's National Department of Agriculture is scheduled to terminate complete usage of registered monocrotophos (including Azodrin and Monostem), for stem treatment of citrus, by the end of March 1993. Dimethoate is acceptable for fruit destined for the US, Canada, and Japan, and on 50% petal fall for other markets.

Eurepgap

The first Eurepgap Africa regional conference was held on 13 March 2002 in Cape Town. Eurepgap Africa is established to contribute to regional harmonization of the Eurepgap protocol, compliance criteria and implementation guidelines. South Africans are debating the feasibility of Eurepgap since not all farmers and consumers can afford its usage, and the fact that it is also not widely used within Europe, e.g. Germany.

South African farmers are attempting to deal with different requirements of the exporting countries. Other than Europe's Eurepgap, the U.S. requires adherence to the (US)GAP and Codex.

By 2003, all South African exports to Europe will be required to meet the new requirements. However, farmers still need to comply with eurepgap requirements if they are to export to Europe this year.

Marketing

Southern African Citrus Fruit Association (CGA), has successfully established fruit markets in over 67 countries around the globe. CGA is tasked with widening the scope of export markets, identifying potential new markets,

applying for access and carrying out the necessary activities to gain this access.

South African citrus is sold in the UK markets under the brand name 'Jaffa' which is packed by Israel Citrus Marketing Board, and is expected to be available from July to December. The contract was made to both Jaffa and mega chainstore Tesco in the UK through Lona and other two exporters in South Africa. In 2002, Lona supplied 60,000 open top cartons of Jaffa Branded Marsh, Navels, Deltas and Valencia's to Tesco. The venture for Jaffa branded fruit is highly successful, and has exceeded expectations by 35%. Its expectation is to improve performance in 2003.

In 2001, South Africa's citrus industry established three new structures, namely, Citrus South Africa, Citrus Exporters' Association, and the Joint Management Association, to provide more effective mechanisms for the management of citrus exports. About two-thirds of South Africa's total citrus crop is exported annually, earning the country around R2 billion in foreign exchange. The Citrus Exporters' Association, in co-operation with accredited exporters, is expected to secure minimum prices from exporters by applying strict quality standards.